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Ms Christine McDonald
Committee Secretary
Senate Finance and Public Administration Committee
Parliament House
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Dear Ms McDonald

Inquiry into the Government Investment Funds Amendment (Ethical Investments) Bill 2011

The Heart Foundation welcomes and supports the inquiry by the Senate Finance and Public Administration Committee into the *Government Investment Funds Amendment (Ethical Investments) Bill 2011* to amend the *Future Fund Act 2006* and the *Nation-building Funds Act 2008*. We are pleased to have the opportunity to make a brief submission.

The Heart Foundation is a charity dedicated to reducing death and suffering from the leading killer of Australians, cardiovascular disease (CVD).¹ As a focus of our work, we have long been advocating for the end of Government investment in the tobacco industry and congratulate Senators Di Natale and Ludlam for their work on this proposed Bill.

Addressing the Future Fund's investment in the tobacco companies means addressing the single most preventable cause of ill health and death in Australia, with about 15,500 tobacco related deaths in 2003.² Tobacco use and secondhand smoke exposure are major causes of cardiovascular disease, contributing 10% of all cardiovascular deaths globally.³ In addition, tobacco use imposes economic and social costs of \$31b a year in Australia alone.⁴

Tobacco is a substance that is addictive and proven that it will cause heart attacks, stroke and vascular disease (gangrene).

Tobacco is a product like no other. It is a killer with no safe level of consumption. When consumed, tobacco smoke and its components are absorbed into the bloodstream, damaging blood vessels, increasing the risk of plaques, increasing the

¹ Australian Institute of Health and Welfare, *Cardiovascular Disease Australian Facts 2011*, 2011

² Australian Institute of Health and Welfare, *Australia's Health 2012*

³ International Tobacco Control, World Health Organisation and World Heart Federation, *Cardiovascular harms from tobacco use and secondhand smoke: Global gaps in awareness and implications for action*, 2012

⁴ Australian Institute of Health and Welfare, *Australia's Health 2012*

risk of clots at the site of plaques and reducing the blood's oxygen levels, resulting in heart disease.

The Heart Foundation calls on the Australian Government to take immediate action to prevent the Future Fund from investing public money in tobacco companies. By doing so it would be coming into line with other jurisdictions that have already made a move to ban investment in tobacco. The Tasmanian Premier has confirmed that the Tasmanian Government has no investments in tobacco and the ACT Government is currently reviewing their policy and expect to announce a position next month. In addition, business is also banning investment with First State Super recently announcing their decision to remove all tobacco-related companies from its investment portfolio. Internationally, the Norwegian Government has taken action to redirect some \$2bn of government pension funds that had previously been invested in global tobacco interests. The funds had been invested by the state pension fund, Global, considered to be the world's second largest pension fund.

Currently the Future Fund invests in over 14 tobacco companies to the value of \$225m.⁵ We welcome the divisions in the *Government Investment Funds Amendment (Ethical Investments) Bill 2011* relating to tobacco.

Such a move is consistent with the WHO Framework Convention on Tobacco Control (FCTC), to which Australia is a party.

Currently ratified by over 174 Parties, the FCTC clearly states legal obligations for all signatories to protect health policies from interference by the tobacco industry (Article 5.3). The 5.3 Guidelines state "Government institutions and their bodies should not have any financial interest in the tobacco industry, unless they are responsible for managing a Party's ownership interest in a State-owned tobacco industry" (4.7).⁶

However, we were extremely disappointed to receive a letter from the responsible Minister's office, Senator the Hon Penny Wong, in June 2011 about the Future Fund's investments. The letter said that the Investment Mandate that the Board of the Future Fund holds means that it will "consider investment in any company where the economic activity is legal in Australia and does not contravene international conventions to which Australia is a signatory". We believe that this Mandate is directly contravening the FCTC, a signed international convention. Therefore, we support the move by the proposed Bill to require the Ministers responsible for Australian sovereign funds, including the Future Fund, to develop Ethical Investment Guidelines (section 20A – 3 (a)).

The investment in tobacco companies by the Future Fund and the resistance to do anything about it will tarnish the Government's unblemished record on tobacco control. We do know that the Government is sympathetic to this call with the former Health Minister, Nicola Roxon saying "no one should invest in products that are such dreadful killers." Australia is a world leader in tobacco control, including the areas of plain packaging and duty free cigarettes measures.

⁵ Estimates Hansard, Finance and Public Administration Legislation Committee, Finance and Deregulation portfolio, Future Fund Management Agency, 23 May 2012

⁶ WHO FCTC, www.who.int/fctc/guidelines/article_5_3/en/index.html

In summary, the Heart Foundation supports the provisions in the Bill ending investment in tobacco. This will help put an end to the death and suffering caused by consumption of such a lethal product.

We wish you well with your deliberations and would be keen to assist with any inquiries you may have or present evidence in person at a hearing.

Yours sincerely

Dr Lyn Roberts AM
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